

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

--	--	--	--	--	--	--	--	--	--

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

DTX5018 – TAXATION 1

(For Diploma Students Only)

11 OCTOBER 2017
9.00 a.m. - 12 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 10 pages with 4 questions.
2. Answer ALL questions.
3. Write your answers in the answer booklet provided.

QUESTION 1**PART A**

Maimon took fashion design course during her study at one of the local universities in Malaysia in January 2008 and she completed her study after three years. Then, Maimon was employed as a fashion designer right after her graduation by Gorgeous Bling Couture, a well-known boutique in Malaysia. Her job as a fashion designer requires her to have frequent overseas travel.

The following are the particulars of her whereabouts in the periods of Year Assessment (YA) 2011 until 2016:

YA	Period of stay	Description
2011	1.1.2011 – 30.4.2011	In Malaysia
2012	1.8.2012 – 28.12.2012	In Malaysia
2013	3.1.2013 – 31.1.2013	In Malaysia
	1.4.2013 – 31.5.2013	In Malaysia
	1.6.2013 – 12.6.2013	In Japan for seminar
	13.6.2013 – 13.7.2013	In Malaysia
	1.8.2013 – 31.10.2013	In Malaysia
2014	5.5.2014 – 31.7.2014	In Malaysia
	1.8.2014 – 21.8.2014	Vacation in Paris
	22.8.2014 – 31.8.2014	In Malaysia
2015	1.3.2015 – 31.5.2015	In Malaysia
2016	1.2.2016 – 31.7.2016	In Malaysia

Additional informations:

1. Maimon attended a short course in China from 29.12.2012 until 2.1.2013.
2. From 1.2.2013 until 31.3.2013, Maimon was in Thailand to assist the staff for newly opening outlet of Gorgeous Bling Couture.
3. Maimon visit his boyfriend in Malacca, Malaysia from 14.7.2013 until 20.7.2013.

Instruction:

Determine the residence status of Maimon for the year of assessment 2011 to 2016. Give reasons and quote the relevant provisions of the Income Tax Act (ITA) 1967 to support your answer. (10 marks)

Continued...

PART B

Compute the following 'persons' income tax payable for Year of Assessment (YA) 2016 under their respective independent situations:

- (a) Chu Kang is a professional engineer from China with a fixed monthly salary (net) of RM7,200. He also stays in Malaysia for 254 days consecutively for YA2016.
- (b) Keketam Berhad was formed on 1 April 2006 with paid up Ordinary Share Capital of RM3,250,000. The company has five shareholders and their main activity is manufacturing shoes. In YA2016, the company have gross income of RM245,000 and total expenditure of RM96,200.
- (c) Work as a part time model made Nelly, an Italian has to travel around the globe including Malaysia. She has been in Malaysia twice from 2.2.2016 until 10.2.2016 and 8.12.2016 until 25.12.2016. Nelly received RM52,500 chargeable income for YA 2016.
- (d) Gopali Sdn Bhd was commenced since 2010 with accounting period ended on 31 August each year. The company has chargeable income of RM620,400 at the end of the basis period and it's paid up Ordinary Share Capital is RM2,000,000.
- (e) Senah is 40 years old and she was born in Malaysia. She never left Malaysia since then except in year 2015, she has a family trip for two weeks in Istanbul. Senah worked as senior clerk at Mentari Mentara Sdn Bhd with chargeable income of RM4,900 for YA2016.

Show all necessary workings.

(15 marks)

[TOTAL 25 MARKS]

QUESTION 2**PART A**

Ergowoods Sdn Bhd (Ergo) is a Malaysian resident company with an issued share capital of RM5 million and makes up its accounts annually to 30 June. Up to and including the year of assessment 2015, Ergo was engaged in the business of manufacturing two product lines under two divisions: The Tiles Division and The Furniture Division.

Following is the extract of the company's tax computation for the YA 2015:

	<u>Tiles (RM)</u>	<u>Furniture (RM)</u>
Unabsorbed capital allowance carried forward	20,000	13,400
Unabsorbed losses carried forward	12,500	15,000

The following are details of Ergo's accounting information relating to tiles and furniture business for the financial year ended 30 June 2016:

Division	RM
<u>Tiles</u>	
Adjusted income/(loss)	120,000
Balancing charge	54,000
Capital allowance	76,200
<u>Furniture</u>	
Gross income	878,200
Advertising expenses	78,100
Donation to approved institution	15,000
Bad debt provision	40,000
Salaries and wages expenses	166,000
Capital allowance	90,000
Dividend income	35,000
Interest received	10,400
Discounts received	9,000

Note: With effect from YA 2014, dividend income received by company would be under single tier system and exempt from income tax.

Instruction:

Compute the income tax payable for YA 2016.

Show all necessary workings.

(10 marks)

PART B

Income Tax Act (ITA) 1967 stated that the income upon which tax is chargeable under this Act is income in respect of the following:

- (a) Dividend
- (b) Interest
- (c) Pension
- (d) Annuity
- (e) Rent

Instruction:

Briefly explain the meaning each of the above income.

(5 marks)

PART C

Corptown Galleria Sdn Bhd provided the following information regarding its residential properties for the year ended 31 December 2016:

	Receipts (RM)	Payments (RM)
<u>Shophouse</u>		
Rental : Jan 2016 – June 2016	23,700	
July 2015 – Aug 2016	vacant	
Sept 2016 – Dec 2016	56,200	
Advance rental	5,190	
Deposit for utilities	2,670	
Deposit refunded to ex-tenant		4,000
Assessment		2,100
Quit rent for 2015		7,900
Premium insurance on fire		12,000
Repairs (carried out in February 2016) :		
Repainting		3,500
Renovation to kitchen		22,750
Replacement of damage doors		4,120
Plumbing		1,870
<u>Apartments</u>		
Rental : Feb 2016 – Dec 2016	17,450	
Deposit for utilities	7,710	
Deposit (refundable)	6,100	
Quit rent for 2016	9,120	
Interest of property loan (Jan 2016 – Dec 2016)		20,000
Penalty on late payment of quit rent		8,200
Legal fees for tenancy agreement		2,000
Security services		5,800
Advertising expenses		3,600

Apartment was acquired in Dec 2015 and was first rented out on 1 February 2016.

Instruction:

Based on the above information, calculate the aggregate income of Corptown Galleria Sdn Bhd for the YA 2016.

Show all necessary workings.

(10 marks)

[TOTAL 25 MARKS]

QUESTION 3

Ah Ngah, 46 years old was employed as an engineer at Sembi Bhd, a car manufacturing factory, fifteen years ago. Since Ah Ngah showed his loyalty towards company, he received the following income for the year ended 31 December 2016:

	RM
Salary	120,000
Bonus	16,000
Travelling allowance	5,900
Entertainment allowance	10,500

To guarding virtue of employees, keep their loyalty as well as good performance, Sembi Bhd provided the following to Ah Seng for the whole year, unless stated otherwise:

1. Accommodation in fully furnished house at a monthly rental of RM8,600 (inclusive of rental of furniture and household appliances of RM1,200).
2. A company car (which cost RM125,000 six years ago) with an employed driver by Sembi Bhd at a salary of RM1,000 monthly where the petrol is also provided.
3. Handphone and bills amounted to RM1,200.
4. School fees total of RM48,000 for his children studied at University Utara Malaysia.
5. Salary of a servant who has been employed by the company at RM800 per month from 1 April 2016.
6. The company reimbursed Ah Ngah with a quarter year salary for the gardener employed by him at the rate of RM500 per month. However, with effect from 1 April 2016 the company decided to employed the gardener and provided the gardener to Ah Ngah for free.
7. Sembi Bhd provide 20% discount in respect of any car purchased from the company as staff price.

Continued...

8. Two overseas holiday packages costing RM2,200 and RM3,000 respectively and four local leave passages to:

	RM
Pulau Langkawi	1,200
Sarawak	1,800
Sabah	1,800
Kelantan	900

9. Entrance fee of RM 18,000 and monthly subscriptions of RM180 for a non-corporate golf club membership.
10. Broadband subscription fee amounted to RM600.
11. Medical, dental treatment and child care benefit provided for RM10,000 annually.

Additional information:

Ah Seng made the following claims:

1. A total of RM15,500 for entertainment expenses due to entertaining company's clients.
2. Amount of RM7,430 incurred on travelling for official duties.

Instruction:

Compute the statutory employment income of Ah Seng for the YA 2016.

Show all necessary workings.

[TOTAL 25 MARKS]

QUESTION 4

Abu and Jemah is newly married couple in end of December 2015. Both of them are Malaysian resident where they live together in Kuala Lumpur.

Both Abu and Jemah declared their income for the year ended 31 December 2016 and following are information related to their income, benefits and expenditure for the period ended 31 December 2016:

	Abu (RM)	Jemah (RM)
<u>Income</u>		
Salary	200,000	142,000
Bonus	29,000	
Dividend income (foreign dividend remitted)	14,500	
Single tier dividend from Malaysia		9,200
<u>Benefits provided by employer</u>		
Leave passage – trip to Lake Toba, Indonesia	5,250	
Fully furnished living accommodation benefit: Monthly rental (including RM2,700 for furniture and television)		14,500
Domestic servant (salary)	5,000	
Car benefit – new car at cost	75,000	
<u>Expenditure</u>		
Broadband subscription	580	
Contribution to Employees' Provident Fund (EPF)	20,000	16,000
Contribution to zakat	470	
Purchase of laptop (last computer claim: YA 2011)	2,400	
Medical expenses: confirmed with a serious disease		7,000
Donation: computer to an approved institution		2,600

Additional information:

1. Car benefit and domestic servant are provided by employer from 1 August 2016.
2. Abu received total interest of RM4,330 for the year of assessment 2016 which was made up of interest on fixed deposit of RM620 from Tiger Bank, Malaysia and interest of RM3,710 from a loan to his brother in law for the year of assessment 2016.
3. Jemah had a shawl booth which only opened during weekend. However, for the year 2016, she incurred a loss of RM7,300.

Instruction:

Compute the chargeable income and the tax payable separately by Abu and Jemah for the year of assessment 2016.

Show all necessary workings

[TOTAL 25 MARKS]

APPENDIX

The following rates and allowances are to be used in answering all questions:

(a) Rates of tax for year of assessment 2016-2017:

(i) Non-resident individual 28%

(ii) Resident individuals:

Chargeable Income(RM)	Rate %	Tax Payable (RM)
On the first 2,500	0	0
On the next 2,500	0	0
On the first 5,000		0
On the next 5,000	1	50
On the first 10,000		50
On the next 10,000	1	100
On the first 20,000		150
On the next 15,000	5	750
On the first 35,000		900
On the next 15,000	10	1,500
On the first 50,000		2,400
On the next 20,000	16	3,200
On the first 70,000		5,600
On the next 30,000	21	6,300
On the first 100,000		11,900
On the next 50,000	24	12,000
On the first 150,000		23,900
On the next 100,000	24	24,000
On the first 250,000		47,900
On the next 150,000	24.5	36,750
On the first 400,000		84,650
On the next 200,000	25	50,000
On the first 600,000		134,650
On the next 400,000	26	104,000
On the first 1,000,000		238,650
Exceeding 1,000,000	28	

(b) Value of benefits in kind – Motor Vehicle and Related Benefits

Cost Of Car When New (RM)	Annual Value Of BIK (RM)	Fuel Per Annum (RM)
Up to 50,000	1,200	600
50,001 - 75,000	2,400	900
75,001 - 100,000	3,600	1,200
100,001 - 150,000	5,000	1,500
150,001 - 200,000	7,000	1,800
200,001 - 250,000	9,000	2,100
250,001 - 350,000	15,000	2,400
350,001 - 500,000	21,250	2,700
500,001 and above	25,000	3,000

(c) Prescribed value of other benefits

Item	Types Of BIK	Value Of BIK (RM)
(a)	Gardener	3,600 per person (300 per month)
(b)	Driver	7,200 per person (600 per month)
(c)	Household/Domestic servant	4,800 per servant (400 per month)
(d)	Guard	4,800 per person (400 per month)

(a) Prescribed value of household furnishing, apparatus and appliances.

Category	Types Of BIK	Annual Value Of BIK
(a)	Semi-furnished with furniture in the lounge, dining room or bedrooms.	RM840 (RM 70 per month)
(b)	Semi-furnished with furniture as above and one or more of the following:- air-conditioners, curtains and carpets.	RM1,680 (RM 140 per month)
(c)	Fully-furnished with benefits as above plus one or more of the following:- kitchen equipment, crockery, utensils and appliances.	RM3,360 (RM 280 per month)
(d)	Service charges and other bills such as water and electricity and telephone	Service charge and bills paid by the employer

(e) Relief for year assessment 2016:

PERSONAL RELIEF FOR YA 2016:

YA	2016 (RM)
Personal relief (each)	9,000
Disable taxpayer (additional relief)	6,000
Wife relief (claimed by husband)	
: Wife elects joint assessment or no source of income	4,000
: Wife disabled (addition relief)	3,500
Husband relief (claimed by wife)	
: Husband elects joint assessment or no source of income	4,000
: Husband disabled (additional relief)	3,500
Medical expenses for taxpayer's parents (restricted to)	5,000
Parental care	
: Father	1,500
: Mother	1,500
(Age >60 years old, annual incomes ≤ RM24,000)	
Medical examination expenses (max RM500) to be included in medical expenses on serious disease for taxpayer, spouse and children [without receipts] (restricted to)	6,000
Supporting equipment for disabled taxpayer, spouse, children or parents (restricted to)	6,000
Child relief (claimed by either husband or wife)	
: per child (below 18 years of age)	2,000
: per child (over 18 years of age) – Universities or college	8,000
: disabled child (unmarried)	6,000
: disabled child (over 18 years of age) – Universities or college	14,000
Amount deposited into Skim Simpanan Pendidikan Nasional (SSPN) for child (restricted to)	6,000
EPF or approved fund (contributed by employee) and life insurance premium (restricted to)	6,000
Premium on deferred annuity contract and private retirement scheme	3,000
Insurance premium on education/medical (restricted to)	3,000
Employees contribution to Social Security Organization (SOC SO) scheme	250
Education fees paid by taxpayer for his own improvement in relation to law and accounting, Islamic finance, technical, vocational, industrial, scientific or technological skills or postgraduates studies (Master, PhD) in Malaysia.	7,000
Purchase of books, journal, magazines and other similar publications for the use of taxpayer, spouse or children [with receipts] (restricted to)	1,000
Personal computer for personal use (restricted to once every three years)	3,000
Purchase of sports equipment	300

End of Page.